

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE**

**BOOTH FAMILY TRUST, On Behalf of Itself  
and All Others Similarly Situated,**

**Plaintiff,**

**v.**

**NEWFIELD EXPLORATION COMPANY,  
LEE K. BOOTHBY, STEVEN W. NANCE,  
PAMELA J. GARDNER, EDGAR R.  
GIESINGER, ROGER B. PLANK,  
THOMAS G. RICKS, JUANITA M.  
ROMANS, JOHN W. SCHANCK, J.  
TERRY STRANGE, and J. KENT WELLS,**

**Defendants.**

**Case No.**

**CLASS ACTION**

**JURY TRIAL DEMANDED**

**COMPLAINT FOR VIOLATIONS OF SECTIONS 14(a) AND 20(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

Plaintiff Booth Family Trust (“Plaintiff”), by its undersigned attorneys, for this complaint against defendants, alleges upon personal knowledge with respect to itself, and upon information and belief based upon, *inter alia*, the investigation of counsel as to all other allegations herein, as follows:

**NATURE OF THE ACTION**

1. This is a stockholder class action brought by Plaintiff on behalf of itself and all other public stockholders of Newfield Exploration Company (“Newfield” or the “Company”) against Newfield and the members of Newfield’s Board of Directors (the “Board” or the “Individual Defendants”), for their violations of Sections 14(a) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”), 15 U.S.C. §§ 78n(a), and U.S. Securities and

Exchange Commission (“SEC”) Rule 14a-9, 17 C.F.R. § 240.14a-9, and to enjoin the vote on a proposed transaction, pursuant to which Newfield will be acquired by Encana Corporation (“Encana”) through its wholly-owned subsidiary Neapolitan Merger Corp. (“Merger Sub”) (the “Proposed Transaction”).

2. On November 1, 2018, Newfield and Encana issued a joint press release announcing they had entered into an Agreement and Plan of Merger dated October 31, 2018 (“Merger Agreement”). Pursuant to the terms of the Merger Agreement, each issued and outstanding share of Newfield common stock will be converted into the right to receive 2.6719 Encana common shares (the “Merger Consideration”). Based on the October 31, 2018 closing price of Encana common stock, the implied value of the Merger Consideration is \$27.36 per share. The Proposed Transaction is valued at approximately \$5.5 billion.

3. On December 4, 2018, Encana and Newfield filed a joint proxy statement/prospectus on Form S-4 with the SEC (the “Registration Statement”) in connection with the Proposed Transaction. The Registration Statement, which recommends that Newfield stockholders vote in favor of the Proposed Transaction, omits or misrepresents material information concerning, among other things: (i) the Company’s and Encana’s financial projections, relied upon by Newfield’s financial advisor, J.P. Morgan Securities LLC (“J.P. Morgan”) in its financial analyses; (ii) the valuation analyses prepared by J.P. Morgan in connection with the rendering of its fairness opinion; and (iii) Company insiders’ potential conflicts of interest. The failure to adequately disclose such material information constitutes a violation of the above-referenced sections of the Exchange Act, as Newfield stockholders need such information to cast a fully-informed vote in connection with the Proposed Transaction.

4. In short, unless remedied, Newfield’s public stockholders will be forced to make a

voting decision on the Proposed Transaction without full disclosure of all material information concerning the Proposed Transaction being provided to them. Plaintiff seeks to enjoin the stockholder vote on the Proposed Transaction, unless and until such Exchange Act violations are cured.

### **JURISDICTION AND VENUE**

5. This Court has jurisdiction over the claims asserted herein for violations of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331 (federal question jurisdiction).

6. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District so as to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper under 28 U.S.C. § 1391(b) because a substantial portion of the transactions and wrongs complained of herein occurred in this District.

### **PARTIES**

8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of Newfield.

9. Defendant Newfield is a Delaware corporation with its principal executive offices located at 4 Waterway Square Place, Suite 100, The Woodlands, Texas 77380. Newfield is an independent energy company, engaged in the exploration, development and production of crude oil, natural gas, and natural gas liquids (“NGLs”). The Company’s common stock trades on the New York Stock Exchange under the ticker symbol “NFX.”

10. Defendant Lee K. Boothby (“Boothby”) has been Chief Executive Officer (“CEO”), President, and a director of the Company since 2009 and Chairman of the Board since 2010.

11. Defendant Steven W. Nance (“Nance”) is Lead Director and has been a director of the Company since 2013.

12. Defendant Pamela J. Gardner (“Gardner”) has been a director of the Company since 2005.

13. Defendant Edgar R. Giesinger (“Giesinger”) has been a director of the Company since 2017.

14. Defendant Roger B. Plank (“Plank”) has been a director of the Company since 2015.

15. Defendant Thomas G. Ricks (“Ricks”) has been a director of the Company since 1992.

16. Defendant Juanita M. Romans (“Romans”) has been a director of the Company since 2005.

17. Defendant John W. Schanck (“Schanck”) has been a director of the Company since 2013.

18. Defendant J. Terry Strange (“Strange”) has been a director of the Company since 2004.

19. Defendant J. Kent Wells (“Wells”) has been a director of the Company since 2015.

20. Defendants identified in paragraphs 10 to 19 are collectively referred to herein as the “Board” or the “Individual Defendants.”

### **OTHER RELEVANT ENTITIES**

21. Encana is a Canadian corporation with its principal executive offices located at Suite 4400, 500 Centre Street S.E., P.O. Box 2850, Calgary, Alberta, Canada, T20 2S5. Encana is a leading North American energy producer focused on developing its multi-basin portfolio of oil, NGLs, and natural gas producing plays. Encana's common stock is traded on the New York Stock Exchange under the ticker symbol "ECA."

### **CLASS ACTION ALLEGATIONS**

22. Plaintiff brings this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons and entities that own Newfield common stock (the "Class"). Excluded from the Class are defendants and their affiliates, immediate families, legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

23. Plaintiff's claims are properly maintainable as a class action under Rule 23 of the Federal Rules of Civil Procedure.

24. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through discovery, Plaintiff believes that there are thousands of members in the Class. As of October 29, 2018, there were 200,357,030 share of Company common stock outstanding. All members of the Class may be identified from records maintained by Newfield or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice similar to that customarily used in securities class actions.

25. Questions of law and fact are common to the Class and predominate over questions affecting any individual Class member, including, *inter alia*:

(a) Whether defendants have violated Section 14(a) of the Exchange Act and Rule 14a-9 promulgated thereunder;

(b) Whether the Individual Defendants have violated Section 20(a) of the Exchange Act; and

(c) Whether Plaintiff and the other members of the Class would suffer irreparable injury were the Proposed Transaction consummated.

26. Plaintiff will fairly and adequately protect the interests of the Class, and has no interests contrary to or in conflict with those of the Class that Plaintiff seeks to represent. Plaintiff has retained competent counsel experienced in litigation of this nature.

27. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy. Plaintiff knows of no difficulty to be encountered in the management of this action that would preclude its maintenance as a class action.

28. Defendants have acted, or refused to act, on grounds generally applicable to the Class as a whole, and are causing injury to the entire Class. Therefore, final injunctive relief on behalf of the Class is appropriate.

### **SUBSTANTIVE ALLEGATIONS**

#### **Company Background and Strong Financial Outlook**

29. Newfield is an independent exploration and production company with estimated consolidated proved reserves of approximately 680 million barrels of oil equivalent. Approximately 98% of the Company's proved reserves are located onshore U.S. The Company's highest value plays, SCOOP and STACK, are located in the Anadarko Basin of Oklahoma and cover approximately 400,000 net acres. At year-end 2017, the Anadarko Basin comprised 70% of the Company's total proved reserves. Newfield also has resource plays in the Arkoma Basin of

Oklahoma, the Williston Basin of North Dakota and the Uinta Basin of Utah, and has producing oil assets offshore China.

30. On February 20, 2018, Newfield issued a press release announcing its strategic plan and three-year outlook. According to the press release, key takeaways of the plan include, 2018 domestic production of 170,000-183,000 thousand barrels of oil per day (“MBOEPD”), a 14-18% increase compared to 2017, with domestic oil production growth expected to be 20-25% over 2017. The plan is also expected to deliver a compound annual growth rate (“CAGR”) in debt-adjusted production per share of 15-20% over the plan period. The Anadarko Basin is the foundation of the Company’s growth outlook, which is expected to deliver production of 20-25% over the three year plan, with growth in oil estimated at 25-30%. Newfield expects to run 10-11 rigs in the Anadarko Basin during 2018, with activity heavily weighted toward multi-well pad developments in SCOOP and STACK. Commenting on the plan, defendant Boothby was quoted as stating:

Newfield is in an excellent place today and our three-year outlook has been strategically crafted to maximize our returns and grow our cash flow from operations. . . . Our oil growth is being driven by the Anadarko and Williston basins. We have high levels of confidence in these areas and, at current commodity prices, expect the Company to generate free cash beginning in the second half of 2018 and well into the future.

31. The Company has experienced solid financial results since announcing its three year outlook.

32. For example, on May 1, 2018, Newfield announced its first quarter 2018 financial results, exceeded the high-end of its guidance range for both domestic net production of 173,600 barrels of oil equivalent per day (“BOEPD”) and Anadarko Basin net production of 117,500 BOEPD. Newfield’s development drilling campaign in STACK tested 12 wells per drilling spacing unit, exceeding the Company’s three-year plan well performance estimates.

33. The positive news for Newfield stockholders continued as the Company announced

its second quarter 2018 financial results, again exceeding the high-end of its guidance range. In its July 31, 2018 press release, Newfield reported domestic net production was 186,700 BOEPD, with Anadarko Basin production of 131,100 BOEPD. Newfield also increased its expectations for annual productions volumes to 180,000-190,000 BOEPD and capital investments to \$1.35 billion, up from \$1.3 billion.

34. The Company again saw strong financial results in the third quarter of 2018. According to the Company's October 31, 2018 press release, consolidated net production was over 202,000 BOEPD, exceeding the Company's quarterly guidance range of 187,000 to 198,000 BOEPD. Domestic net production was approximately 199,000 BOEPD, exceeding quarterly guidance by approximately 9,000 BOEPD. Newfield's stronger than expected production was largely attributed to the Anadarko Basin, which grew 11% over the second quarter of 2018. Newfield further increased its expectations for annual net production to 185,000-190,000 BOEPD and capital investments to \$1.4 billion.

### **The Sale Process**

35. At a July 26-27, 2018 Board meeting, as part of Newfield's ordinary course evaluation of its strategic direction, the Board evaluated developments in the industry and discussed a number of the Company's potential strategic alternatives. Following discussion, the Board determined that, in order to gather additional information on industry conditions before its late October 2018 annual strategy session, it would be helpful for defendant Boothby to speak with representatives of similarly situated companies in the exploration and production industry regarding broader trends and the potential for industry consolidation.

36. Defendant Boothby subsequently had informational meetings with seven exploration and production companies, including Encana.



37. On September 10, 2018, defendant Boothby met with Douglas J. Suttles (“Suttles”), Encana’s President and CEO. At the meeting, Suttles inquired whether Newfield would be interested in a potential strategic combination, in which Encana would acquire all of the issued and outstanding Newfield shares. Suttles reiterated Encana’s interest to defendant Boothby several times over the next few weeks.

38. At an October 8, 2018 meeting between defendant Boothby and Suttles, defendant Boothby indicated that, based on prior discussions with the Board, it was unlikely they would be interested in a transaction that did not reflect at a minimum, a customary premium in similar transactions understood to be a premium of at least 25% to Newfield’s then-current stock price.

39. Over the next several days defendant Boothby met separately with the CEOs of two exploration and production companies, referred to in the Registration Statement as “Company A” and “Company B,” respectively, regarding general industry trends, including the potential for industry consolidation.

40. On October 10, 2018, Encana submitted a non-binding proposal to acquire all of the issued and outstanding shares of Newfield common stock for aggregate consideration consisting of \$1.0 billion in cash and 470,200,000 Encana common shares, representing an implied offer price of \$35.00 per share using the 20-day volume weighted average of Encana’s common shares as of October 9, 2018, and a 24% premium to Newfield’s closing stock price on October 9, 2018.

41. At an October 14, 2018 Board meeting, the Board discussed Encana’s proposal. The Board determined Encana’s proposal had the potential to result in a compelling transaction and determined to seek improved terms. The Board also authorized the engagement of J.P. Morgan and Goldman Sachs & Co. (“Goldman”) to act as the Company’s financial advisors.

42. On October 16, 2018, Encana and Newfield entered into a confidentiality agreement. The parties conducted due diligence over the next several weeks.

43. On October 19, 2018, the CEO of Company B informed defendant Boothby that Company B would be interested in exploring the next steps with respect to a strategic transaction.

44. On October 24, 2018, the CEO of an exploration and production company referred to in the Registration Statement as “Company C” contacted defendant Boothby to discuss a potential acquisition of Company C by Newfield. Defendant Boothby indicated he would like to delay any discussion until after the Board’s strategy session in late October.

45. Also on October 24, 2018, defendant Boothby met with the CEO of Company A to discuss the conceptual framework for a strategic transaction.

46. On October 28, 2018, defendant Boothby met with Suttles. Suttles advised defendant Boothby that because Newfield’s stock price had declined since Encana’s October 10, 2018 non-binding proposal, the consideration would need to be adjusted.

47. At an October 29, 2018 Board meeting, the Board discussed the appropriate relative pro forma ownership of the combined company and authorized defendant Boothby to propose an all-stock deal with Newfield’s current stockholders owning at least 38% of Encana’s outstanding shares. Among other things, defendant Boothby also advised the Board that Company B would not be providing a written proposal for a strategic combination.

48. Following the meeting, Suttles and defendant Boothby discussed the transaction consideration and agreed that, subject to the completion of due diligence and negotiation of a satisfactory merger agreement, each was prepared to recommend to their respective boards an all-stock transaction in which Newfield’s current stockholders would own 36.5% of Encana’s outstanding shares.

49. On October 31, 2018, Suttles and defendant Boothby finalized the remaining outstanding terms, including fixing the exchange ratio at 2.6719 Encana common shares for each share of Newfield common stock (resulting in Newfield stockholders owning approximately 36.5% of Encana's outstanding shares following completion of the merger).

50. On the evening of October 31, 2018, J.P. Morgan rendered its fairness opinion and the Board approved the Merger Agreement. Later that evening, Newfield and Encana executed the Merger Agreement.

### **The Proposed Transaction**

51. On November 1, 2018, Newfield and Encana issued a joint press release announcing the Proposed Transaction, which stated in relevant part:

CALGARY, Alberta, Nov. 01, 2018 -- Encana Corporation (Encana) (TSX, NYSE: ECA) and Newfield Exploration Company (Newfield) (NYSE: NFX) today announced that they have entered into a definitive agreement whereby Encana will acquire all of the outstanding shares of common stock of Newfield in an all-stock transaction valued at approximately \$5.5 billion. In addition, Encana will assume \$2.2 billion of Newfield net debt. The strategic combination will create a leading multi-basin company and has been unanimously approved by the Boards of Directors of both companies. Subject to receipt of regulatory and shareholder approvals by both companies, the transaction is expected to close in the first quarter of 2019.

#### **Strategic Rationale: shareholder returns, immediately accretive, asset quality and synergies**

- Creates a leading multi-basin company with large, premium positions in three of North America's highest-quality, oil and liquids weighted plays; the Permian, STACK/SCOOP and Montney
- Intends to raise dividend by 25 percent and expand share buyback program to \$1.5 billion following closing of the transaction; funded with expected non-GAAP free cash flow and cash on hand
- Immediately accretive to key elements of Encana's five-year plan including non-GAAP cash flow per share

- Immediate scale and value creation; oil and condensate production up by over 54 percent and proved reserves up by around 85 percent
- Adds a significant premium position in the core of the world-class, oil-rich, STACK/SCOOP in the Anadarko Basin
- Creates North America's second largest producer of unconventional resources; pro-forma third quarter 2018 production of 577,000 barrels of oil equivalent per day (BOE/d), including liquids production of around 300,000 barrels per day (bbls/d)
- Enhances already strong balance sheet; 2019 non-GAAP net debt to adjusted EBITDA expected to be about 1.5x
- \$250 million of expected annual synergies through greater scale, cube development and overhead savings

“This strategic combination advances our strategy and is immediately accretive to our five-year plan,” said Doug Suttles, Encana President & CEO. “Our track record of consistent execution gives us confidence to accelerate and increase shareholder returns. I am very excited to lead the combined company and want to congratulate the team at Newfield on doing a tremendous job building premium positions in the core-of-the-core in each of their assets, particularly in the world-class, oil-rich, STACK/SCOOP. When combined with our cube development model, expected synergies and relentless focus on efficiency, we are positioned to deliver highly efficient growth and quality returns.”

\* \* \*

**Encana: A leading multi-basin company with premium positions in three top North American plays**

This transaction includes approximately 360,000 net acres in the core-of-the-core of the world-class STACK/SCOOP in the Anadarko Basin. This premium, oil-weighted, stacked-pay asset contains multiple commercial and prospective zones which Encana believes are perfectly suited to its proven cube development model. This asset contains over 6,000 gross risked well locations and about 3 billion BOE of net unrisked resource.

“Consistent with our focus on being in the best parts of North America's best plays, our multi-basin portfolio will include large, premium, liquids weighted positions in three of North America's highest quality, lowest supply cost basins; the Permian, STACK/SCOOP and Montney,” added Suttles. “Our multi-basin portfolio provides a powerful competitive advantage, helping us manage risk, provide optionality to direct capital to our highest margin opportunities and transfer learnings across the business.”

\* \* \*

### **Transaction details**

The transaction has been unanimously approved by the Board of Directors of both Encana and Newfield. Newfield's Board of Directors has recommended that its shareholders vote their shares in favor of the merger and Encana's Board of Directors has also recommended that its shareholders vote to approve the issuance of Encana common shares under the transaction.

Under the terms of the merger agreement, Newfield shareholders will receive 2.6719 Encana common shares for each share of Newfield common stock. Upon completion of the transaction, Encana shareholders will own approximately 63.5 percent of the combined company and Newfield shareholders will own approximately 36.5 percent. Two directors from the Newfield Board of Directors will join the Encana Board upon closing.

The transaction is subject to the terms and conditions set forth in the merger agreement, including holders of two-thirds of Newfield's shares of common stock having voted in favor of the merger, holders of a majority of votes cast by Encana shareholders having voted in favor of the issuance by Encana of its common shares, the waiting period under the U.S. Hart-Scott-Rodino Act having expired or been early terminated, the Toronto Stock Exchange and the New York Stock Exchange each having approved the listing of the Encana common shares to be issued in the transaction and other customary conditions.

### **Insiders' Interests in the Proposed Transaction**

52. Newfield insiders are the primary beneficiaries of the Proposed Transaction, not the Company's public stockholders. The Board and the Company's executive officers are conflicted because they will have secured unique benefits for themselves from the Proposed Transaction not available to Plaintiff and Newfield's public stockholders.

53. Notably, two Newfield directors have secured positions for themselves upon consummation of the Proposed Transaction as directors of the combined company.

54. Additionally, Company insiders stand to reap substantial financial benefits for securing the deal with Encana. According to the Merger Agreement, all Newfield time-based

restricted stock units with a cash settlement feature and notional stock will be converted into the right to receive cash payments.

55. Further, if they are terminated in connection with the Proposed Transaction, the Company's named executive officers stand to receive substantial cash severance payments, as set forth in the following table:

Name	Cash (\$)(1)	Equity (\$)(2)	Pension/ NQDC (\$)(3)	Perquisites/ Benefits (\$)(4)	Tax Reimbursement (\$)(5)	Other (\$)	Total (\$)
Lee K. Boothby	8,974,258	18,401,820	—	172,329	—	—	27,548,407
Lawrence S. Massaro	4,100,534	9,293,060	—	172,329	—	—	13,565,923
Gary D. Packer	4,647,466	9,293,060	—	191,654	—	—	14,132,180
John H. Jasek	2,148,205	4,876,112	—	154,436	—	—	7,178,753
George T. Dunn(6)	—	2,140,710	—	—	—	—	2,140,710

### **The Registration Statement Contains Material Misstatements and Omissions**

56. The defendants filed a materially incomplete and misleading Registration Statement with the SEC and disseminated it to Newfield's stockholders. The Registration Statement misrepresents or omits material information that is necessary for the Company's stockholders to make an informed decision whether to vote in favor of the Proposed Transaction.

57. Specifically, as set forth below, the Registration Statement fails to provide Company stockholders with material information or provides them with materially misleading information concerning: (i) the Company's and Encana's financial projections, relied upon by Newfield's financial advisor, J.P. Morgan in its financial analyses; (ii) the valuation analyses prepared by J.P. Morgan in connection with the rendering of its fairness opinion; and (iii) Company insiders' potential conflicts of interest. Accordingly, Newfield stockholders are being asked to make a voting decision in connection with the Proposed Transaction without all material information at their disposal.

***Material Omissions Concerning Newfield's and Encana's Financial Projections***

58. First, the Registration Statement omits material information regarding the Company's and Encana's financial projections provided by Newfield's management and relied upon by J.P. Morgan for its analyses.

59. For example, with respect to Newfield management's financial projections for Newfield, the Registration Statement discloses, "Newfield's management directed J.P. Morgan to rely for purposes of J.P. Morgan's analysis upon the risked forecasts reflecting parameters on select assumptions because Newfield's management regarded such risked forecasts as more reasonable and achievable than un-risked forecasts; the un-risked Newfield forecasts were not relied upon or taken into account in J.P. Morgan's analysis." Registration Statement at 88. The Registration Statement fails, however, to disclose (i) the un-risked forecasts; (ii) quantification of the risk adjustments reflected in the risked forecasts, including the adjustments made to the Company's earnings before interest, taxes, depreciation, amortization and exploration expenses ("EBITDAX"), Operating Cash Flow and unlevered free cash flow over the projection period; and (iii) the details of the "parameters on select assumptions" reflected in the risked forecasts.

60. Additionally, with respect to Newfield management's financial projections for Newfield and Encana, the Registration Statement fails to disclose the unlevered free cash flows utilized by J.P. Morgan in connection with its *Net Asset Value Analysis* of each of Newfield and Encana and the line items used to calculate Newfield's and Encana's unlevered free cash flows.

61. Moreover, in connection with the fairness opinion provided by J.P. Morgan, the Registration Statement states, "[i]n arriving at its opinions, J.P. Morgan, among other things . . . reviewed certain internal financial analyses and forecasts prepared by or at the direction of the management of Newfield relating to its business and certain internal financial analyses and forecast

prepared or otherwise authorized by the management of Encana relating to its business, as adjusted and approved for use by the management of Newfield, as well as the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger (which is referred to for purposes of this section as the “Synergies”).” *Id.* at 108. The Registration Statement, however, fails to disclose the Synergies.

62. The omission of this material information renders the Registration Statement false and misleading, including, *inter alia*, the following sections of the Registration Statement: “Summary of Certain Newfield Unaudited Prospective Financial and Operating Information,” “Newfield management Projections for Encana” and “Opinion of Newfield’s Financial Advisor.”

***Material Omissions Concerning J.P. Morgan’s Financial Analyses***

63. The Registration Statement describes J.P. Morgan’s fairness opinion and the various valuation analyses they performed in support of their opinion. However, the description of J.P. Morgan’s fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses. Without this information, as described below, Newfield’s public stockholders are unable to fully understand these analyses and, thus, are unable to determine what weight, if any, to place on J.P. Morgan’s fairness opinion in determining whether to vote in favor of the Proposed Transaction. This omitted information, if disclosed, would significantly alter the total mix of information available to Newfield’s stockholders.

64. With respect to J.P. Morgan’s *Net Asset Value Analysis* of Newfield, the Registration Statement fails to disclose: (i) the unlevered free cash flows that Newfield is expected to generate from September 30, 2018 onward used in the analysis; (ii) the definition of how unlevered free cash flows were calculated; (iii) quantification of Newfield’s hedges, other corporate and operating expenses, projected general and administrative expenses, projected cash



tax savings adjusted for utilization of Newfield's net operating losses, asset retirement obligations, and net debt as of September 30, 2018, used to adjust Newfield's projected asset-level cash flows; (iv) quantification of the inputs and assumptions underlying the discount rate range of 9.00% to 11.50%; and (v) Newfield's fully diluted shares outstanding.

65. With respect to J.P. Morgan's *Net Asset Value Analysis* of Encana, the Registration Statement fails to disclose: (i) the unlevered free cash flows that Encana is expected to generate from September 30, 2018 onward used in the analysis; (ii) the definition of how unlevered free cash flows were calculated; (iii) quantification of Encana's hedges, minimum volume commitments and other liabilities, projected general and administrative expenses, projected cash tax savings adjusted for utilization of Encana's net operating losses, asset retirement obligations, and net debt as of September 30, 2018, used to adjust Encana's projected asset-level cash flows; (iv) quantification of the inputs and assumptions underlying the discount rate range of 8.50% to 11.00%; and (v) Encana's fully diluted shares outstanding

66. With respect to J.P. Morgan's *Transaction Multiples Analysis*, the Registration Statement fails to disclose Newfield's EBITDAX for the 12-month period ending September 30, 2018 utilized in the analysis to derive implied equity value per share ranges for Newfield common stock.

67. With respect to J.P. Morgan's *Implied Intrinsic Value Creation Analysis*, the Registration Statement fails to disclose the estimated present values of the Synergies utilized in the analysis.

68. The omission of this information renders the Registration Statement false and misleading, including, *inter alia*, the following sections of the Registration Statement: "Summary of Certain Newfield Unaudited Prospective Financial and Operating Information," "Newfield

management Projections for Encana” and “Opinion of Newfield’s Financial Advisor.”

***Material Omissions Concerning Company Insiders’ Potential Conflicts of Interest***

69. Further, the Registration Statement fails to disclose material information concerning the potential conflicts of interest faced by Newfield insiders.

70. Specifically, the Registration Statement fails to disclose the details of any employment related discussions and negotiations that occurred between Encana and Newfield directors and executive officers, including who participated in all such communications, when they occurred, and their content, as well as whether any of Encana’s proposals or indications of interest mentioned management retention.

71. Communications regarding post-transaction employment and merger-related benefits during the negotiation of the underlying transaction must be disclosed to stockholders. This information is necessary for stockholders to understand potential conflicts of interest of management and the Board, as that information provides illumination concerning motivations that would prevent fiduciaries from acting solely in the best interests of the Company’s stockholders.

72. The omission of this information renders the statements in the “Background of the Merger” section of the Registration Statement false and/or materially misleading in contravention of the Exchange Act.

73. The Individual Defendants were aware of their duty to disclose the above-referenced omitted information and acted negligently (if not deliberately) in failing to include this information in the Registration Statement. Absent disclosure of the foregoing material information prior to the stockholder vote on the Proposed Transaction, Plaintiff and the other members of the Class will be unable to make a fully-informed voting decision in connection with the Proposed Transaction and are thus threatened with irreparable harm warranting the injunctive relief sought

herein.

**CLAIMS FOR RELIEF**

**COUNT I**

**Class Claims Against All Defendants for Violations of Section 14(a) of the Exchange Act  
And SEC Rule 14a-9 Promulgated Thereunder**

74. Plaintiff repeats all previous allegations as if set forth in full.

75. During the relevant period, defendants disseminated the false and misleading Registration Statement specified above, which failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

76. By virtue of their positions within the Company, the defendants were aware of this information and of their duty to disclose this information in the Registration Statement. The Registration Statement was prepared, reviewed, and/or disseminated by the defendants. The Registration Statement misrepresented and/or omitted material facts, including material information about (i) the Company's and Encana's financial projections, relied upon by Newfield's financial advisor, J.P. Morgan, in its financial analyses; (ii) the valuation analyses prepared by J.P. Morgan in connection with the rendering of its fairness opinion; and (iii) Company insiders' potential conflicts of interest. The defendants were at least negligent in filing the Registration Statement with these materially false and misleading statements.

77. The omissions and false and misleading statements in the Registration Statement are material in that a reasonable stockholder would consider them important in deciding how to vote on the Proposed Transaction. In addition, a reasonable investor would view a full and accurate disclosure as significantly altering the "total mix" of information made available in the

Registration Statement and in other information reasonably available to stockholders.

78. By reason of the foregoing, the defendants have violated Section 14(a) of the Exchange Act and SEC Rule 14a-9(a) promulgated thereunder.

79. Because of the false and misleading statements in the Registration Statement, Plaintiff and the Class are threatened with irreparable harm, rendering money damages inadequate. Therefore, injunctive relief is appropriate to ensure defendants' misconduct is corrected.

## **COUNT II**

### **Class Claims Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act**

80. Plaintiff repeats all previous allegations as if set forth in full.

81. The Individual Defendants acted as controlling persons of Newfield within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers or directors of Newfield and participation in or awareness of the Company's operations or intimate knowledge of the statements contained in the Registration Statement filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

82. Each of the Individual Defendants was provided with or had unlimited access to copies of the Registration Statement and other statements alleged by Plaintiff to be misleading prior to or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

83. In particular, each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations

as alleged herein, and exercised the same. The Registration Statement at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of this document.

84. In addition, as the Registration Statement sets forth at length, and as described herein, the Individual Defendants were each involved in negotiating, reviewing, and approving the Proposed Transaction. The Registration Statement purports to describe the various issues and information that they reviewed and considered — descriptions which had input from the Individual Defendants.

85. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

86. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury that defendants' actions threaten to inflict.

#### **PRAYER FOR RELIEF**

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in its favor on behalf of Newfield, and against defendants, as follows:

A. Ordering that this action may be maintained as a class action and certifying Plaintiff as the Class representative and Plaintiff's counsel as Class counsel;

B. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction and any vote on the Proposed Transaction, unless and until defendants disclose and disseminate the material information identified above to Newfield stockholders;

C. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff and the Class;

D. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and

E. Granting such other and further relief as this Court may deem just and proper.

**JURY DEMAND**

Plaintiff demands a trial by jury on all claims and issues so triable.

Dated: December 27, 2018

*OF COUNSEL:*

WEISSLAW LLP  
Richard A. Acocelli  
Michael A. Rogovin  
Kelly K. Moran  
1500 Broadway, 16th Floor  
New York, New York 10036  
Tel: (212) 682-3025  
Fax: (212) 682-3010

*/s/ George Pazuniak*  
George Pazuniak (#478)  
Pazuniak Law Office LLC  
1201 Orange Street  
7th Floor, Suite 7114  
Wilmington, DE 19801-1186  
Tel: (302) 478-4230  
Email: gp@del-iplaw.com

*Attorneys for Plaintiff*

**CERTIFICATION PURSUANT TO FEDERAL SECURITIES LAWS**

The undersigned certifies as follows:

1. I have reviewed the complaint in this matter against Newfield Exploration Company (“Newfield”) and others and authorized the filing thereof.
2. I did not purchase the security that is the subject of this action at the direction of counsel or in order to participate in any private action.
3. I am willing to serve as a representative party on behalf of a class, including providing testimony at deposition and trial, if necessary.
4. I have been, at all relevant times stated in the complaint, the holder of 10 shares of Newfield common stock.
5. I have not sought to serve or served as a class representative under the federal securities laws in the last three years, other than as listed below (if any):
6. I will not accept any payment for serving as a representative party beyond the undersigned’s pro rata share of any recovery, except as ordered or approved by the court, including any award for reasonable costs and expenses (including lost wages) directly relating to the representation of the class.

I hereby certify, under penalty of perjury, that the foregoing is true and correct.

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Charles Federman, as Trustee for the  
Booth Family Trust

Signature:   
Charles Federman (Dec. 21, 2018)

Email: charlifederman@gmail.com

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Booth Family Trust

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) George Pazuniak (#478) Pazuniak Law Office, LLC 1201 Orange St., 7th Fl Ste.7114, Wilmington, DE 19801 (302) 478-4230

DEFENDANTS

Newfield Exploration Co., Lee K. Boothby, Steven W. Nance, Pamela J. Gardner, Edgar R. Giesinger, Roger B. Plank, Thomas G. Ricks, Juanita M. Romans, John W. Schank, J. Terry Strange, J. Kent Wells

County of Residence of First Listed Defendant (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, TORTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District (specify), 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): Sections 14(a) and 20(a) of the Securities Exchange Act of 1934. Brief description of cause: Violations of Securities Exchange Act of 1934 in proposed acquisition of Newfield Exploration Co. by Encana

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE Honorable Richard G. Andrews DOCKET NUMBER 1:18-cv-02001-RA, -02020

DATE 12/27/2018 SIGNATURE OF ATTORNEY OF RECORD /s/ George Pazuniak (No. 478)

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE



# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Newfield Exploration Company Misled Stockholders Concerning Proposed Merger, Class Action Alleges](#)